

Tripoli Community School District

Independent Auditor's Reports  
Basic Financial Statements  
And Supplementary Information  
Schedule of Findings

June 30, 2007

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**Tripoli Community School District**

**Officials**

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
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**Board of Education**

**(Before September 2006 Election)**

Scott Danner	President	2006
Jamie Dettmer	Vice President	2007
Ronald Orf	Board Member	2007
Laurie Buhrow	Board Member	2008
Max Ambrose	Board Member	2008

**Board of Education**

**(After September 2006 Election)**

Scott Danner	President	2009
Jamie Dettmer	Vice President	2007
Ronald Orf	Board Member	2007
Laurie Buhrow	Board Member	2008
Max Ambrose	Board Member	2008

**School Officials**

Robert Longmuir	Superintendent	2007
Phyllis Schnurstein	District Secretary/Treasurer	2007

## Independent Auditor's Report

To the Board of Education of  
Tripoli Community School District:

I have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Tripoli Community School District, Tripoli, Iowa, as of and for the year ended June 30, 2007, which collectively comprise the District's basic financial statements listed in the table of contents. These financial statements are the responsibility of District officials. My responsibility is to express an opinion on these financial statements based on my audit.

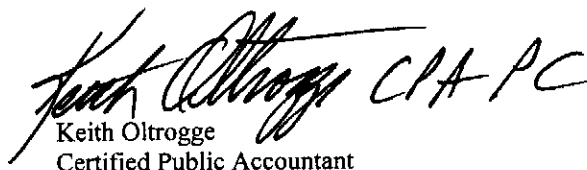
I conducted my audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Tripoli Community School District at June 30, 2007, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, I have also issued my report dated December 4, 2007 on my consideration of Tripoli Community School District's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of my audit.

Management's Discussion and Analysis and budgetary comparison information on pages 4 through 11 and 31 through 32 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. I did not audit the information and express no opinion on it.

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Tripoli Community School District's basic financial statements. I previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the three years ended June 30, 2006 (which are not presented herein) and expressed unqualified opinions on those financial statements. Other supplementary information included in Schedules 1 through 4 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in my audit of the basic financial statements and, in my opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

 CPA PC  
Keith Oltrogge  
Certified Public Accountant

December 4, 2007

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

Tripoli Community School District provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2007. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

### **2007 FINANCIAL HIGHLIGHTS**

- General Fund revenues increased from \$3,804,630 in fiscal 2006 to \$4,040,997 in fiscal 2007, and General Fund expenditures increased from \$3,728,041 in fiscal 2006 to \$3,932,792 in fiscal 2007. The District's General Fund balance increased from \$746,135 in fiscal year 2006 to \$854,340 in fiscal year 2007, a 12.7% increase.
- The increase in General Fund revenues was attributable to an increase in state grant revenue in fiscal year 2007. The increase in expenditures was due primarily to an increase in the negotiated salary and benefits and restricted grant expenditures.
- The increase in the District's General Fund balance resulted in the District's solvency ratio increasing from 17.9% in 2006 to 20.8 % in fiscal 2007. The District's solvency level indicates the District is able to meet unforeseen financing requirements and presents a sound risk for the timely repayment of short-term debt obligations.

### **USING THIS ANNUAL REPORT**

The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the District's financial activities.

The Government-wide Financial Statements consist of a Statement of Net Assets and a Statement of Activities. These provide information about the activities of Tripoli Community School District as a whole and present an overall view of the District's finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report Tripoli Community School District's operations in more detail than the government-wide statements by providing information about the most significant funds. The remaining statements provide financial information about activities for which Tripoli Community School District acts solely as an agent or custodian for the benefit of those outside of County government.

Notes to financial statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information further explains and supports the financial statements with a comparison of the District's budget for the year.

Other Supplementary Information provides detailed information about the non-major Special Revenue Funds.

Figure A-1 shows how the various parts of this annual report are arranged and relate to one another.

**Figure A-1**  
**Tripoli Community School District Annual Financial Report**

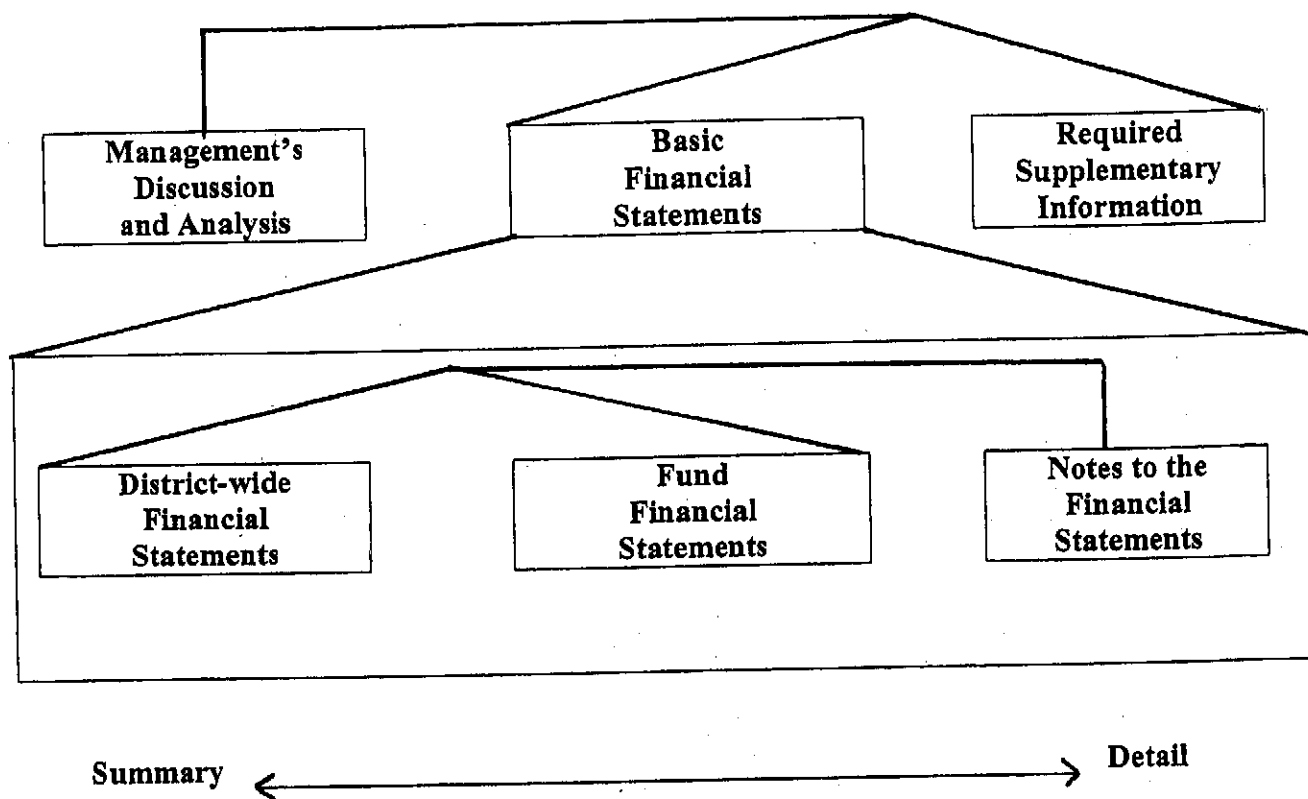


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain.

**Figure A-2**  
**Major Features of the Government-wide and Fund Financial Statements**

	Government-wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Activities the District operates similar to private businesses: food services and adult education	Instances in which the District administers resources on behalf of someone else, such as scholarship programs
Required financial statements	Statement of net assets	Balance sheet	Statement of net assets	Statement of fiduciary net assets
	Statement of activities	Statement of revenues, expenditures and changes in fund balances	Statement of revenues, expenses and changes in fund net assets	Statement of changes in fiduciary net assets
			Statement of cash flows	
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/ liability information	All assets and liabilities, both financial and capital, short-term and long- term	Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, short-term and long- term	All assets and liabilities, both short- term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/ outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

## REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES

### *Government-wide Financial Statements*

The government-wide financial statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Assets includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities, regardless of when cash is received or paid.

The two government-wide financial statements report the District's net assets and how they have changed. Net assets – the difference between the District's assets and liabilities – are one way to measure the District's financial health or financial position. Over time, increases or decreases in the District's net assets are an indicator of whether financial position is improving or deteriorating. To assess the District's overall health, additional non-financial factors, such as changes in the District's property tax base and the condition of school buildings and other facilities, need to be considered.

In the government-wide financial statements, the District's activities are divided into two categories:

- *Governmental activities:* Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property tax and state aid finance most of these activities.
- *Business type activities:* The District charges fees to help cover the costs of certain services it provides. The District's school nutrition program is included here.

### *Fund Financial Statements*

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs.

Some funds are required by state law and by bond covenants. The District establishes other funds to control and manage money for particular purposes, such as accounting for student activity funds, or to show that it is properly using certain revenues, such as federal grants.

The District has two kinds of funds:

- 1) *Governmental funds:* Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

The District's governmental funds include the General Fund, Special Revenue Funds, and Debt Service Fund.

The required financial statements for governmental funds include a balance sheet and a statement of revenues, expenditures and changes in fund balances.

- 2) *Proprietary funds:* Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the government-wide financial statements. The District's Enterprise Funds, one type of proprietary fund, are the same as its business type activities, but provide more detail and additional information, such as cash flows. The District currently has two Enterprise Funds, the School Nutrition Fund and Before and After School Fund.

The required financial statements for proprietary funds include a statement of revenues, expenses and changes in fund net assets and a statement of cash flows.

Reconciliation between the government-wide financial statements and the fund financial statements follow the fund financial statements.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

Figure A-3 below provides a summary of the District's net assets at June 30, 2007 compared to June 30, 2006.

**Figure A-3**  
**Condensed Statement of Net Assets**

	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2007	2006	2007	2006	2007	2006	2006-2007
Current and other assets	\$3,959,693	\$2,986,688	\$105,333	\$88,246	\$4,065,026	\$3,074,934	\$990,092
Capital assets	4,807,363	4,713,812	53,526	37,829	4,860,889	4,751,641	109,248
Total assets	\$8,767,056	\$7,700,500	158,859	\$126,075	\$8,925,915	\$7,826,575	\$1,099,340
Long-term liabilities	\$1,295,577	\$547,824	\$-	\$-	\$1,295,577	\$547,824	\$747,753
Other liabilities	2,018,829	1,941,048	2,087	8,438	2,020,916	1,949,486	71,430
Total liabilities	\$3,314,406	\$2,488,872	\$2,087	\$8,438	\$3,316,493	\$2,497,310	\$819,183
Net assets:							
Invested in capital assets, net of related debt	\$3,752,190	\$4,485,654	\$53,526	\$37,829	\$3,805,716	\$4,523,483	\$-717,767
Restricted	14,823	63,875	-	-	14,823	63,875	-49,052
Unrestricted	1,685,637	662,099	103,246	79,808	1,788,883	741,907	1,046,976
Total net assets	\$5,452,650	\$5,211,628	\$156,772	\$117,637	\$5,609,422	\$5,329,265	\$280,157

The District's combined net assets increased by nearly 5 %, or \$280,157, over the prior year. The largest portion of the District's net assets is in the "invested in capital assets (e.g., land, infrastructure, buildings and equipment), less the related debt". The debt related to the investment in capital assets is liquidated with sources other than capital assets.

Restricted net assets represent resources that are subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net assets decreased by \$49,052, or 77% over the prior year. The decrease was primarily a result of a decrease in other general fund reserved assets.

Unrestricted net assets – the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – increased by \$1,046,976, or 241%.

Figure A-4 shows the change in net assets for the year ended June 30, 2007.

**Figure A-4**  
**Changes in Net Assets**

	Governmental Activities	Business Type Activities	Total District
<b>Revenues:</b>			
Program revenues:			
Charges for service	\$369,447	\$138,367	\$507,814
Operating grants, contributions and restricted interest	468,312	86,568	554,880
Capital grants, contributions and restricted interest	-	-	-
General revenues:			
Property tax	1,685,736	-	1,685,736
Local option sales & services tax	263,870	-	263,870
Unrestricted state grants	1,952,863	-	1,952,863
Unrestricted investment earnings	51,694	2,441	54,135
Other	14,112	-	14,112
<b>Total revenues</b>	<b>\$4,806,034</b>	<b>\$227,376</b>	<b>\$5,033,410</b>
<b>Program expenses:</b>			
Governmental activities:			
Instruction	\$3,213,627	\$-	\$3,213,627
Support services	996,824	-	996,824
Non-instructional programs	-	188,241	188,241
Other expenses	354,561	-	354,561
<b>Total expenses</b>	<b>\$4,565,012</b>	<b>\$188,241</b>	<b>\$4,753,253</b>
<b>Change in net assets</b>	<b>\$241,022</b>	<b>\$39,135</b>	<b>\$280,157</b>

Property tax and unrestricted state grants account for 72.3% of the total revenue. The District's expenses primarily relate to instruction and support services, which account for 88.6% of the total expenses.

### Governmental Activities

Revenues for governmental activities were \$4,806,034 and expenses were \$4,565,012. In a difficult budget year, the District was able to balance the budget by trimming expenses to match available revenues.

The following table presents the total and net cost of the District's governmental activities: instruction, support services, non-instructional programs and other expenses.

**Figure A-5**  
**Total and Net Cost of  
Governmental Activities**

	Total Cost of Services	Net Cost of Services
Instruction	\$3,213,627	\$2,383,384
Support services	996,824	989,308
Non-instructional programs	-	-
Other expenses	354,561	354,561
<b>Totals</b>	<b>\$4,565,012</b>	<b>\$3,727,253</b>

- The cost financed by users of the District's programs was \$507,814.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$554,880.
- The net cost of governmental activities was financed with \$1,949,606 in property and other taxes and \$1,952,863 in unrestricted state grants.

### Business Type Activities

Revenues for business type activities were \$227,376 and expenses were \$188,241. The District's business type activities include the School Nutrition Fund, and Before and After School Fund. Revenues of these activities were comprised of charges for service, federal and state reimbursements and investment income.

### INDIVIDUAL FUND ANALYSIS

As previously noted, Tripoli Community School District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The financial performance of the District as a whole is reflected in its governmental funds, as well. As the District completed the year, its governmental funds reported a combined fund balance of \$1,944,530, well above last year's ending fund balances of \$1,046,545.

### BUDGETARY HIGHLIGHTS

Over the course of the year, Tripoli Community School District amended its annual budget one time to reflect additional expenditures.

The District's receipts were \$111,177 more than budgeted receipts, a variance of 2%.

The District's total expenditures were less than budgeted, due primarily to the District's budget for the General Fund. It is the District's practice to budget expenditures at anticipated expenditures for the General Fund. The District then manages or controls General Fund spending through its line-item budget.

### CAPITAL ASSETS AND DEBT ADMINISTRATION

#### Capital Assets

At June 30, 2007, the District had invested \$4,860,889, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. (See Figure A-6) This represents a net increase of 2% from last year. More detailed information about the District's capital assets is presented in Note 5 to the financial statements. Depreciation expense for the year was \$286,038.

The original cost of the District's capital assets was \$8,282,715. Governmental funds account for \$8,198,205, with the remainder of \$84,510 accounted for in the Proprietary, School Nutrition Fund.

**Figure A-6**  
**Capital Assets, net of Depreciation**

	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2007	2006	2007	2006	2007	2006	2006-2007
Land	\$33,500	\$33,500	\$-	\$-	\$33,500	\$33,500	\$-
Construction in process	248,414	-	-	-	248,414	-	248,414
Buildings	3,957,794	4,098,892	-	-	3,957,794	4,098,892	-141,098
Improvements other than buildings	100,952	112,238	-	-	100,952	112,238	-11,286
Furniture and equipment	466,703	469,182	53,526	37,829	520,229	507,011	13,218
Totals	\$4,807,363	\$4,713,812	\$53,526	\$37,829	\$4,860,889	\$4,751,641	\$109,248

## Long-Term Debt

At June 30, 2007, the District had \$1,295,577 in other long-term debt outstanding. This represents a decrease of 236% from last year. (See Figure A-7) Additional information about the District's long-term debt is presented in Note 6 to the financial statements.

**Figure A-7**  
**Outstanding Long-term Obligations**

	Total District June 30, 2007	Total Change June 30, 2006	Total Change June 30, 2006-2007
Notes payable	\$1,055,173	\$228,158	\$827,015
Early retirement	240,404	319,666	-79,262
Totals	\$1,295,577	\$547,824	\$747,753

## CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the District's citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Robert Longmuir, District Superintendent, Tripoli Community School District, 209 8<sup>th</sup> Avenue SW, Tripoli IA 50676.

## **Basic Financial Statements**

## Tripoli Community School District

## Statement of Net Assets

June 30, 2007

	Govern- mental Activities	Business Type Activities	Total
<b>Assets</b>			
Cash and Cash Equivalents:			
Restricted	\$ 300,000	\$ -	\$ 300,000
Other	1,969,832	89,715	2,059,547
Receivables:			
Property tax:			
Delinquent	47,416	-	47,416
Succeeding year	1,482,994	-	1,482,994
Accounts	27,357	571	27,928
Prepaid expenses	62,319	-	62,319
Due from other governments	69,775	-	69,775
Inventories	-	15,047	15,047
Capital assets, net of accumulated depreciation	4,807,363	53,526	4,860,889
<b>Total Assets</b>	<b>\$ 8,767,056</b>	<b>\$ 158,859</b>	<b>\$ 8,925,915</b>
<b>Liabilities</b>			
Accounts payable	\$ 195,986	\$ -	\$ 195,986
Salaries and benefits payable	4,587	-	4,587
Accrued interest payable	3,666	-	3,666
Deferred revenue-succeeding year property tax	1,482,994	-	1,482,994
Other	31,596	2,087	33,683
Bank warrants payable	300,000	-	300,000
Long-term liabilities:			
Portion due within one year:			
Notes payable	173,747	-	173,747
Early retirement	62,648	-	62,648
Portion due after one year:			
Notes payable	881,426	-	881,426
Early retirement	177,756	-	177,756
<b>Total Liabilities</b>	<b>\$ 3,314,406</b>	<b>\$ 2,087</b>	<b>\$ 3,316,493</b>
<b>Net Assets</b>			
Invested in capital assets, net of related debt	\$ 3,752,190	\$ 53,526	\$ 3,805,716
Restricted for:			
Other special revenue purposes	14,823	-	14,823
Unrestricted	1,685,637	103,246	1,788,883
<b>Total Net Assets</b>	<b>\$ 5,452,650</b>	<b>\$ 156,772</b>	<b>\$ 5,609,422</b>

**Tripoli Community School District**

**Statement of Activities**

**Year Ended June 30, 2007**

	Program Revenues			
	Expenses	Charges for Services	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest
<b><u>Functions/Programs</u></b>				
Governmental Activities:				
Instruction:				
Regular instruction	\$ 2,131,567	\$ 180,883	\$ 424,005	\$ -
Special instruction	589,127	50,131	33,348	-
Other instruction	492,933	134,922	6,954	-
	<u>\$ 3,213,627</u>	<u>\$ 365,936</u>	<u>\$ 464,307</u>	<u>\$ -</u>
Support Services:				
Student services	\$ 36,403	\$ -	\$ 3,486	\$ -
Instructional staff services	112,575	-	-	-
Administration services	367,781	-	-	-
Operation and maintenance of plant services	309,573	75	-	-
Transportation services	170,492	3,436	519	-
	<u>\$ 996,824</u>	<u>\$ 3,511</u>	<u>\$ 4,005</u>	<u>\$ -</u>
Other Expenditures:				
Facilities acquisition	\$ 185,905	\$ -	\$ -	\$ -
Long-term debt interest	12,186	-	-	-
AEA flow-through	156,470	-	-	-
	<u>\$ 354,561</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total Governmental Activities	<u>\$ 4,565,012</u>	<u>\$ 369,447</u>	<u>\$ 468,312</u>	<u>\$ -</u>
Business Type Activities:				
Non-Instructional Programs:				
Food service operations	\$ 175,895	\$ 125,845	\$ 86,568	\$ -
Child care operations	12,346	12,522	-	-
	<u>\$ 188,241</u>	<u>\$ 138,367</u>	<u>\$ 86,568</u>	<u>\$ -</u>
Total	<u>\$ 4,753,253</u>	<u>\$ 507,814</u>	<u>\$ 554,880</u>	<u>\$ -</u>

Net (Expense) Revenue  
And Changes in Net Assets

Governmental Activities		Business Type Activities		Total
\$	-1,526,679	\$	-	\$ -1,526,679
	-505,648		-	-505,648
	-351,057		-	-351,057
\$	-2,383,384	\$	-	\$ -2,383,384
<hr/>				
\$	-32,917	\$	-	\$ -32,917
	-112,575		-	-112,575
	-367,781		-	-367,781
	-309,498		-	-309,498
	-166,537		-	-166,537
\$	-989,308	\$	-	\$ -989,308
<hr/>				
\$	-185,905	\$	-	\$ -185,905
	-12,186		-	-12,186
	-156,470		-	-156,470
\$	-354,561	\$	-	\$ -354,561
<hr/>				
\$	-3,727,253	\$	-	\$ -3,727,253
<hr/>				
\$	-	\$	36,518	\$ 36,518
	-		176	176
\$	-	\$	36,694	\$ 36,694
<hr/>				
\$	-3,727,253	\$	36,694	\$ -3,690,559

**Tripoli Community School District**

**Statement of Activities**

**Year Ended June 30, 2007**

	Program Revenues		
	Charges for Services	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest
Expenses			

**General Revenues:**

Property Tax Levied For:  
    General purposes  
    Capital outlay  
Local option sales and services tax  
Unrestricted state grants  
Unrestricted investment earnings  
Other

Total General Revenues

Change in net assets  
Net assets beginning of year

Net Assets End of Year

Net (Expense) Revenue  
And Changes in Net Assets

Governmental Activities	Business Type Activities	Total
\$ 1,523,556	\$ -	\$ 1,523,556
162,180	-	162,180
263,870	-	263,870
1,952,863	-	1,952,863
51,694	2,441	54,135
14,112	-	14,112
<u>\$ 3,968,275</u>	<u>\$ 2,441</u>	<u>\$ 3,970,716</u>
\$ 241,022	\$ 39,135	\$ 280,157
5,211,628	117,637	5,329,265
<u>\$ 5,452,650</u>	<u>\$ 156,772</u>	<u>\$ 5,609,422</u>

## Tripoli Community School District

Balance Sheet  
Governmental Funds

June 30, 2007

	General	Capital Projects	Non-major Special Revenue	Total
<b>Assets</b>				
Cash and Pooled Investments:				
Restricted	\$ 300,000	\$ -	\$ -	\$ 300,000
Other	764,544	877,096	328,192	1,969,832
Receivables:				
Property Tax:				
Delinquent	36,297	-	11,119	47,416
Succeeding year	1,206,790	-	276,204	1,482,994
Accounts	4,868	22,489	-	27,357
Prepaid expenses	62,319	-	-	62,319
Due from other governments	69,775	-	-	69,775
<b>Total Assets</b>	<b>\$ 2,444,593</b>	<b>\$ 899,585</b>	<b>\$ 615,515</b>	<b>\$ 3,959,693</b>
<b>Liabilities and Fund Balances</b>				
Liabilities:				
Accounts payable	\$ 47,280	\$ 134,935	\$ 13,771	\$ 195,986
Salaries and benefits payable	4,587	-	-	4,587
Bank warrants payable	300,000	-	-	300,000
Deferred Revenue:				
Succeeding year property tax	1,206,790	-	276,204	1,482,994
Others	31,596	-	-	31,596
<b>Total Liabilities</b>	<b>\$ 1,590,253</b>	<b>\$ 134,935</b>	<b>\$ 289,975</b>	<b>\$ 2,015,163</b>
Fund Balances:				
Reserved	\$ 14,823	\$ -	\$ -	\$ 14,823
Unreserved	839,517	764,650	325,540	1,929,707
<b>Total Fund Balances</b>	<b>\$ 854,340</b>	<b>\$ 764,650</b>	<b>\$ 325,540</b>	<b>\$ 1,944,530</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 2,444,593</b>	<b>\$ 899,585</b>	<b>\$ 615,515</b>	<b>\$ 3,959,693</b>

## Tripoli Community School District

**Reconciliation of the Balance Sheet – Governmental Funds  
To the Statement of Net Assets**

**June 30, 2007**

<b>Total fund balances of governmental funds (page 15)</b>	\$ 1,944,530
<i><b>Amounts reported for governmental activities in the Statement of Net Assets are different because:</b></i>	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds	4,807,363
Accrued interest payable on long-term liabilities is not due and payable in the current period and, therefore, is not reported as a liability in the governmental funds	-3,666
Long-term liabilities, including notes payable and early retirement, are not due and payable in the current period and, therefore, are not reported in the funds	<u>-1,295,577</u>
<b>Net assets of governmental activities (page 12)</b>	<u>\$ 5,452,650</u>

## Tripoli Community School District

Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds

Year Ended June 30, 2007

	General	Capital Projects	Non-Major Special Revenue	Total
Revenues:				
Local Sources:				
Local tax	\$ 1,328,357	\$ 263,870	\$ 357,379	\$ 1,949,606
Tuition	164,384	-	-	164,384
Other	130,107	3,705	139,823	273,635
Intermediate sources	-	-	-	-
State sources	2,324,921	-	260	2,325,181
Federal sources	93,228	-	-	93,228
Total Revenues	\$ 4,040,997	\$ 267,575	\$ 497,462	\$ 4,806,034
Expenditures:				
Current:				
Instruction:				
Regular instruction	\$ 1,963,007	\$ -	\$ 73,305	\$ 2,036,312
Special instruction	589,127	-	-	589,127
Other instruction	363,892	-	122,951	486,843
	\$ 2,916,026	\$ -	\$ 196,256	\$ 3,112,282
Support Services:				
Student services	\$ 36,403	\$ -	\$ -	\$ 36,403
Instructional staff services	112,575	-	-	112,575
Administration services	329,122	893	29,257	359,272
Operation and maintenance of plant services	272,374	-	27,351	299,725
Transportation services	109,822	59,887	6,637	176,346
	\$ 860,296	\$ 60,780	\$ 63,245	\$ 984,321
Other Expenditures:				
Facilities acquisition	\$ -	\$ 427,518	\$ 45,048	\$ 472,566
Long-Term Debt:				
Principal	-	-	72,985	72,985
Interest and fiscal charges	-	-	9,425	9,425
AEA flow-through	156,470	-	-	156,470
	\$ 156,470	\$ 427,518	\$ 127,458	\$ 711,446
Total Expenditures	\$ 3,932,792	\$ 488,298	\$ 386,959	\$ 4,808,049
Excess (deficiency) of revenues over (under) expenditures	\$ 108,205	\$ -220,723	\$ 110,503	\$ -2,015
Other Financing Sources (Uses):				
Loan proceeds	\$ -	\$ 900,000	\$ -	\$ 900,000
Net change in fund balances	\$ 108,205	\$ 679,277	\$ 110,503	\$ 897,985
Fund balances beginning of year	746,135	85,373	215,037	1,046,545
Fund Balances End of Year	\$ 854,340	\$ 764,650	\$ 325,540	\$ 1,944,530

See notes to financial statements.

## Tripoli Community School District

**Reconciliation of the Statement of Revenues, Expenditures and  
Changes in Fund Balances – Governmental Funds  
To the Statement of Activities**

**Year Ended June 30, 2007**

**Net change in fund balances – total governmental funds (page 17)** \$ 897,985

***Amounts reported for governmental activities in the Statement of Activities are different because:***

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, these costs are not reported in the Statement of Net Assets and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. Capital outlay expenditures exceeded depreciation expense in the current year, as follows:

Expenditures for capital assets	\$ 374,825	
Depreciation expense	<u>-281,274</u>	93,551

Proceeds from issuing long-term liabilities provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Assets. Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. Current year repayments exceeded issues, as follows:

Issued	\$ -900,000	
Repaid	<u>72,985</u>	-827,015

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when due. In the Statement of Activities, interest expense is recognized as the interest accrues, regardless of when it is due.

-2,761

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds, as follows:

Early retirement	\$ <u>79,262</u>	
------------------	------------------	--

**Change in Net Assets of Governmental Activities (page 14)**

\$ 241,022

## Tripoli Community School District

Statement of Net Assets  
Proprietary Funds

June 30, 2007

	Before & After School	School Nutrition	Total
<b>Assets</b>			
Cash and cash equivalents	\$ 9,491	\$ 80,224	\$ 89,715
Accounts receivable	-	571	571
Inventories	-	15,047	15,047
Capital assets, net of accumulated depreciation	-	53,526	53,526
<b>Total Assets</b>	<b>\$ 9,491</b>	<b>\$ 149,368</b>	<b>\$ 158,859</b>
<b>Liabilities</b>			
Deferred revenue	\$ -	\$ 2,087	\$ 2,087
<b>Net Assets</b>			
Invested in capital assets, net of related debt	\$ -	\$ 53,526	\$ 53,526
Unrestricted	9,491	93,755	103,246
<b>Total Net Assets</b>	<b>\$ 9,491</b>	<b>\$ 147,281</b>	<b>\$ 156,772</b>

**Tripoli Community School District**  
**Statement of Revenues, Expenses and Changes in Fund Net Assets**  
**Proprietary Funds**

**June 30, 2007**

	Before & After School	School Nutrition	Total
Operating revenues:			
Local sources:			
Charges for service	\$ 12,522	\$ 125,845	\$ 138,367
Operating expenses:			
Non-instructional programs:			
Food service and child care operations:			
Salaries and benefits	\$ 11,945	\$ 71,661	\$ 83,606
Purchased services	-	40	40
Supplies	401	99,430	99,831
Depreciation	-	4,764	4,764
Total operating expenses	\$ 12,346	\$ 175,895	\$ 188,241
Operating income (loss)	\$ 176	\$ 50,050	\$ 49,874
Non-operating revenues:			
State sources	\$ -	\$ 2,987	\$ 2,987
Federal sources	-	83,581	83,581
Interest income	288	2,153	2,441
Total non-operating revenues	\$ 288	\$ 88,721	\$ 89,009
Change in net assets	\$ 464	\$ 38,671	\$ 39,135
Net assets beginning of year	9,027	108,610	117,637
Net Assets End of Year	\$ 9,491	\$ 147,281	\$ 156,772

## Tripoli Community School District

Statement of Cash Flows  
Proprietary Fund

Year Ended June 30, 2007

	School Nutrition
Cash flows from operating activities:	
Cash received from sale of lunches and breakfasts	\$ 126,309
Cash paid to employees for services	-78,027
Cash paid to suppliers for goods or services	-87,758
Net cash used by operating activities	<u>\$ -39,476</u>
Cash flows from non-capital financing activities:	
State grants received	\$ 2,987
Federal grants received	63,689
Net cash provided by non-capital financing activities	<u>\$ 66,676</u>
Cash flows from capital and related financing activities:	
Acquisition of capital assets	<u>\$ -20,462</u>
Cash flows from investing activities:	
Interest on investments	<u>\$ 2,153</u>
Net increase in cash and cash equivalents	\$ 8,891
Cash and cash equivalents beginning of year	<u>71,333</u>
Cash and Cash Equivalents End of Year	<u>\$ 80,224</u>
<b>Reconciliation of operating loss to net cash used by operating activities:</b>	
Operating loss	\$ -50,050
Adjustments to reconcile operating loss to net cash used by operating activities:	
Commodities used	19,892
Depreciation	4,764
(Increase) in inventories	-8,181
(Increase) in accounts receivable	-85
(Decrease) in due to other funds	-6,366
Increase in deferred revenue	550
Net Cash Used by Operating Activities	<u>\$ -39,476</u>

**Non-cash investing, capital and financing activities:**

During the year ended June 30, 2007, the District received \$19,892 of federal commodities.

## Tripoli Community School District

Statement of Cash Flows  
Proprietary Fund

Year Ended June 30, 2007

	Before & After School
Cash flows from operating activities:	
Cash received from services	\$ 12,522
Cash paid to employees for services	-11,945
Cash paid to suppliers for goods or services	-401
Net cash provided by operating activities	<u>\$ 176</u>
Cash flows from investing activities:	
Interest on investments	<u>\$ 288</u>
Net increase in cash and cash equivalents	\$ 464
Cash and cash equivalents beginning of year	<u>9,027</u>
Cash and Cash Equivalents End of Year	<u>\$ 9,491</u>
<b>Reconciliation of operating income to net cash provided by operating activities:</b>	
Operating income	<u>\$ 176</u>
Adjustments to reconcile operating income to net cash provided by operating activities:	
Net Cash Provided by Operating Activities	<u>\$ 176</u>

## **Tripoli Community School District**

### **Notes to Financial Statements**

**June 30, 2007**

#### **(1) Summary of Significant Accounting Policies**

Tripoli Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve. Additionally, the District either operates or sponsors various adult education programs. These courses include remedial education as well as vocational and recreational courses. The geographic area served includes the Cities of Tripoli and Frederika, Iowa and portions of the predominately agricultural territories in Bremer and Chickasaw Counties. The District is governed by a Board of Education whose members are elected on a non-partisan basis.

The District's financial statements are prepared in conformity with U. S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

##### **A. Reporting Entity**

For financial reporting purposes, Tripoli Community School District has included all funds, organizations, agencies, boards, commissions and authorities. The District has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the District. Tripoli Community School District has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organization – The District participates in a jointly governed organization that provides services to the District but does not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The District is a member of the County Assessor's Conference Board.

##### **B. Basis of Presentation**

Government-wide Financial Statements – The Statement of Net Assets and the Statement of Activities report information on all of the non-fiduciary activities of the District. For the most part, the effect of inter-fund activity has been removed from these statements. Governmental activities, which normally are supported by tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for service.

The Statement of Net Assets presents the District's non-fiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories:

*Invested in capital assets, net of related debt* consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes and other debt attributable to the acquisition, construction or improvement of those assets.

*Restricted net assets* result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

*Unrestricted net assets* consist of net assets that do not meet the definition of the two preceding categories. Unrestricted net assets often have constraints on resources imposed by management, which can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues include (1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function and (2) grants, contributions and interest restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements – Separate financial statements are provided for governmental, proprietary and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as non-major governmental funds.

The District reports the following major governmental fund:

The General Fund is the general operating fund of the District. All general tax revenues and other revenues that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenditures, including instructional, support and other costs.

The Capital Projects Fund is used to account for all resources used in the acquisition and construction of capital facilities.

The District reports the following major proprietary funds:

The District's proprietary funds are the Enterprise, School Nutrition Fund and Before and After School Fund. These funds are used to account for the food service operations of the District and child care operations of the District.

C. Measurement Focus and Basis of Accounting

The government-wide, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days after year-end.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the District.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments and compensated absences are recognized as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, and then general revenues.

The proprietary funds of the District apply all applicable GASB pronouncements, as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's Enterprise Fund is charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The District maintains its financial records on the cash basis. The financial statements of the District are prepared by making memorandum adjusting entries to the cash basis financial records.

#### D. Assets, Liabilities and Fund Equity

The following accounting policies are followed in preparing the balance sheet:

Cash, Pooled Investments and Cash Equivalents – The cash balances of most District funds are pooled and invested. Investments are stated at fair value.

For purposes of the statement of cash flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, have a maturity date no longer than three months.

Property Tax Receivable – Property tax in governmental funds is accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date the tax asking is certified by the Board of Education. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Education to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the District is required to certify its budget in April of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½ % per month penalty for delinquent payments; is based on January 1, 2005 assessed property valuations; is for the tax accrual period July 1, 2006 through June 30, 2007 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April 2006.

Due from Other Governments – Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

Inventories – Inventories are valued at cost using the first-in, first-out method for purchased items and government commodities. Inventories of proprietary funds are recorded as expenses when consumed rather than when purchased or received.

Capital Assets – Capital assets, which include property, furniture and equipment, are reported in the applicable governmental or business type activities columns in the government-wide Statement of Net Assets. Capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

Asset Class	Amount
Land	\$ 2,000
Buildings	10,000
Improvements other than buildings	10,000
Furniture and equipment:	
School Nutrition Fund equipment	500
Other furniture and equipment	2,000

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Asset Class	Estimated Useful Lives (In Years)
Buildings	50 years
Improvements other than buildings	20 – 50 years
Furniture and equipment	5 – 15 years

Salaries and Benefits Payable – Payroll and related expenditures for support staff corresponding to the current school year, which were paid in July, have been accrued as liabilities.

Deferred Revenue – Although certain revenues are measurable, they are not available. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue in the governmental fund financial statements represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue consists of unspent grant proceeds as well as property tax receivable and other receivables not collected within sixty days after year-end.

Deferred revenue in the Statement of Net Assets consists of succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied.

Long-term Liabilities – In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities column in the Statement of Net Assets.

Fund Equity – In the governmental fund financial statements, reservations of fund balance are reported for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

Restricted Net Assets – In the government-wide Statement of Net Assets, net assets are reported as restricted when constraints placed on net asset use are either externally imposed by creditors, grantors, contributors or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

#### E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information.

**(2) Cash and Pooled Investments**

The District's deposits in banks at June 30, 2007 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The District is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Education; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

**(3) Inter-fund Transfers**

The detail of inter-fund transfers for the year ended June 30, 2007 is as follows:

Transfer to	Transfer from	Amount
Debt Service	Special Revenue:	
	Physical Plant and Equipment Levy	<u>\$ 82,410</u>

Transfers generally move revenues from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources.

**(4) Bank Anticipatory Warrants**

The District has entered into an agreement with American Savings Bank for the issuance of anticipatory warrants of \$300,000 with an interest rate of 4.5%. Activity for the year ended June 30, 2007 is as follows:

	Balance Beginning Of Year	Advances Received	Advances Repaid	Balance End of Year
Total	<u>\$300,000</u>	<u>\$300,000</u>	<u>\$300,000</u>	<u>\$300,000</u>

Cash advanced under these warrants are held in a money management savings account. These funds are only used if the District's regular cash flow is inadequate to meet current needs.

(5) **Capital Assets**

Capital assets activity for the year ended June 30, 2007 was as follows:

	Balance Beginning Of Year	Increases	Decreases	Balance End Of Year
<b>Governmental Activities:</b>				
Capital assets not being depreciated:				
Land	\$ 33,500	\$ -	\$ -	\$ 33,500
Construction in process	-	248,414	-	248,414
Total capital assets not being depreciated	\$ 33,500	\$ 248,414	\$ -	\$ 281,914
Capital assets being depreciated:				
Buildings	\$ 6,617,128	\$ -	\$ -	\$ 6,617,128
Improvements other than buildings	286,959	-	-	286,959
Furniture and equipment	942,993	126,411	57,200	1,012,204
Total capital assets being depreciated	\$ 7,847,080	\$ 126,411	\$ 57,200	\$ 7,916,291
Less accumulated depreciation for:				
Buildings	\$ 2,518,236	\$ 141,098	\$ -	\$ 2,659,334
Improvements other than buildings	174,721	11,286	-	186,007
Furniture and equipment	473,811	128,890	57,200	545,501
Total accumulated depreciation	\$ 3,166,768	\$ 281,274	\$ 57,200	\$ 3,390,842
Total capital assets being depreciated, net	\$ 4,680,312	\$ -154,863	\$ -	\$ 4,525,449
Governmental Activities Capital Assets, Net	\$ 4,713,812	\$ 93,551	\$ -	\$ 4,807,363
	Balance Beginning Of Year	Increases	Decreases	Balance End Of Year
<b>Business type activities:</b>				
Furniture and equipment	\$ 64,049	\$ 20,461	\$ -	\$ 84,510
Less accumulated depreciation	26,220	4,764	-	30,984
Business Type Activities Capital Assets, Net	\$ 37,829	\$ 15,697	\$ -	\$ 53,526

Depreciation expense was charged to the following functions:

Governmental Activities:

Instruction:

Regular

\$ 202,794  
6,090

Other

Support services:

Administration

8,509

Operation and maintenance of plant

9,848

Transportation

54,033

Total Depreciation Expense – Governmental Activities

\$ 281,274

Business Type Activities:

Food service operations

\$ 4,764

**(6) Long-term Liabilities**

Changes in long-term liabilities for the year ended June 30, 2007 are summarized as follows:

	Balance Beginning Of Year	Additions	Reductions	Balance End Of Year	Due Within One Year
Notes payable	\$ 228,158	\$ 900,000	\$ 72,985	\$ 1,055,173	\$ 173,747
Early retirement	319,666	-	79,262	240,404	62,648
Total	\$ 547,824	\$ 900,000	\$ 152,247	\$ 1,295,577	\$ 236,395

**Early Retirement**

The District offers a voluntary early retirement plan to its certified employees. Eligible employees must be at least age fifty-five and employees must have completed twenty years of continuous service to the District. Employees must complete an application, which is required to be approved by the Board of Education. Early retirement incentives for eligible employees is composed of:

- 1) The School District shall provide up to four hundred dollars (\$400.00) per month for payment of health insurance premiums of the retired teacher for ninety-six (96) months. However, the monthly payment shall not exceed, in any event, the actual cost of the monthly health insurance premiums of the retired teacher.
- 2) The School District shall provide a lump-sum payment of seven thousand dollars (\$7,000.00).

Early retirement benefits paid during the year ended June 30, 2007 totaled \$79,262. The cost of early retirement payments expected to be liquidated currently are recorded as a liability of the Special Revenue, Management Levy Fund. A liability has been recorded in the Governmental Activities Long-Term Liabilities section representing the District's commitment to fund non-current early retirement.

**Note Payable – Media Center**

On September 1, 1998, the District signed a note payable to American Savings Bank of Tripoli IA for the construction of a media center. The note was written for \$650,000. Interest only was paid on June 1, 1999. The interest rate on the note is 4.75%. Semi-annual payments will be \$41,204.90 and will be payable on December 1 and June 1 of each year, with the note maturing on June 1, 2009.

Details of the District's June 30, 2007 note payable – media center are as follows:

Payment Date	Principal	Interest
12-01-07	\$ 37,513	\$ 3,691
06-01-08	38,413	2,792
12-01-08	39,335	1,870
06-01-09	39,912	927
Total	\$ 155,173	\$ 9,280

### Note Payable – Science Room Addition

On June 19, 2007, the District signed a note payable to American Savings Bank of Tripoli IA for the construction of a science room addition. The note was written for \$900,000. The interest rate on the note is 4.5%. Semi-annual payments will be \$67,634.88 to be paid on December 1 and June 1 of each year, with the note maturing December 1, 2015.

Details of the District's June 30, 2007 note payable – science room addition are as follows:

Year ending June 30,	Principal	Interest
2008	\$ 97,821	\$ 37,448
2009	100,287	34,982
2010	104,851	30,419
2011	109,622	25,647
2012	114,611	20,659
2013	119,827	15,443
2014	125,279	9,990
2015	127,702	4,216
Total	<u>\$ 900,000</u>	<u>\$ 178,804</u>

During the year ended June 30, 2007, the District made principal and interest payments totaling \$82,410 under the agreements.

#### **(7) Pension and Retirement Benefits**

The District contributes to the Iowa Public Employees Retirement System (IPERS), which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits, which are established by state statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P. O. Box 9117, Des Moines, Iowa, 50306-9117.

Plan members are required to contribute 3.70% of their annual covered salary and the District is required to contribute 5.75% of annual covered payroll for the years ended June 30, 2007, 2006 and 2005. Contribution requirements are established by state statute. The District's contributions to IPERS for the years ended June 30, 2007, 2006 and 2005 were \$107,161, \$114,934, and \$111,557, respectively, equal to the required contributions for each year.

#### **(8) Risk Management**

Tripoli Community School District is exposed to various risks of loss related to torts; theft; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The District assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

#### **(9) Area Education Agency**

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$156,470 for the year ended June 30, 2007 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

#### **(10) Construction Commitments**

The District has entered into a contract totaling \$1,023,844 for the construction of a High School science room addition. At June 30, 2007, \$174,800 had been paid against the contract.

## **Required Supplementary Information**

**Tripoli Community School District**

**Budgetary Comparison Schedule of Receipts, Disbursements and Changes in Balances –  
Budget and Actual – All Governmental Funds and Proprietary Funds**

**Required Supplementary Information**

**Year Ended June 30, 2007**

	Governmental Funds Actual	Proprietary Funds Actual
Receipts:		
Local sources	\$ 2,387,625	\$ 140,808
Intermediate sources	-	-
State sources	2,325,181	2,987
Federal sources	93,228	83,581
Total Receipts	<u>\$ 4,806,034</u>	<u>\$ 227,376</u>
Disbursements:		
Instruction	\$ 3,112,282	\$ -
Support services	984,321	-
Non-instructional programs	-	188,241
Other expenditures	711,446	-
Total Disbursements	<u>\$ 4,808,049</u>	<u>\$ 188,241</u>
Excess (deficiency) of receipts over (under) disbursements	\$ -2,015	\$ 39,135
Other financing sources, net	<u>900,000</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	\$ 897,985	\$ 39,135
Balances beginning of year	<u>1,046,545</u>	<u>117,637</u>
Balances End of Year	<u>\$ 1,944,530</u>	<u>\$ 156,772</u>

See accompanying independent auditor's report.

	Total Actual	Budgeted Amounts		Final to Actual Variance
		Original	Final	
\$	2,528,433	\$ 2,456,403	\$ 2,456,403	\$ 72,030
	-	-	-	-
	2,328,168	2,283,230	2,283,230	44,938
	176,809	182,600	182,600	-5,791
\$	5,033,410	\$ 4,922,233	\$ 4,922,233	\$ 111,177
\$	3,112,282	\$ 3,198,610	\$ 3,215,303	\$ 103,021
	984,321	1,048,290	1,048,290	63,969
	188,241	221,375	227,856	39,615
	711,446	518,228	934,369	222,923
\$	4,996,290	\$ 4,986,503	\$ 5,425,818	\$ 429,528
\$	37,120	\$ -64,270	\$ -503,585	\$ 540,705
	900,000	-	-	900,000
\$	937,120	\$ -64,270	\$ -503,585	\$ 1,440,705
	1,164,182	947,927	947,927	216,255
\$	2,101,302	\$ 883,657	\$ 444,342	\$ 1,656,960

**Tripoli Community School District**

**Notes to Required Supplementary Information – Budgetary Reporting**

**Year Ended June 30, 2007**

This budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds except Private Purpose Trust and Agency Funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on a GAAP basis.

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions, not by fund. These four functions are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated functional level, not by fund. The Code of Iowa also provides District expenditures in the General Fund may not exceed the amount authorized by the school finance formula. During the year, the District adopted one budget amendment increasing budgeted disbursements by \$439,315.

## **Other Supplementary Information**

## Tripoli Community School District

Combining Balance Sheet  
Non-Major Special Revenue Funds

June 30, 2007

	Management Levy	Student Activity	Physical Plant and Equipment Levy	Total
<b>Assets</b>				
Cash and pooled investments	\$ 168,180	\$ 84,858	\$ 75,154	\$ 328,192
Receivables:				
Property Tax:				
Delinquent	6,080	-	5,039	11,119
Succeeding year	112,031	-	164,173	276,204
<b>Total Assets</b>	<b>\$ 286,291</b>	<b>\$ 84,858</b>	<b>\$ 244,366</b>	<b>\$ 615,515</b>
<b>Liabilities &amp; Fund Equity</b>				
Liabilities:				
Accounts payable	\$ 213	\$ 2,103	\$ 11,455	\$ 13,771
Deferred revenue:				
Succeeding year property tax	112,031	-	164,173	276,204
Total Liabilities	\$ 112,244	\$ 2,103	\$ 175,628	\$ 289,975
Fund Equity:				
Unreserved fund balances	174,047	82,755	68,738	325,540
<b>Total Liabilities and Fund Equity</b>	<b>\$ 286,291</b>	<b>\$ 84,858</b>	<b>\$ 244,366</b>	<b>\$ 615,515</b>

## Tripoli Community School District

**Combining Schedule of Revenues, Expenditures  
and Changes in Fund Balances  
Non-Major Special Revenue Funds**

**Year Ended June 30, 2007**

	Management Levy	Student Activity	Physical Plant and Equipment Levy	Debt Service	Total
<b>Revenues:</b>					
Local Sources:					
Local tax	\$ 195,199	\$ -	\$ 162,180	\$ -	\$ 357,379
Other	6,653	130,916	2,254	-	139,823
State	142	-	118	-	260
Total Revenues	\$ 201,994	\$ 130,916	\$ 164,552	\$ -	\$ 497,462
<b>Expenditures:</b>					
Current:					
Instruction:					
Regular instruction	\$ 73,305	\$ -	\$ -	\$ -	\$ 73,305
Other instruction	-	122,951	-	-	122,951
Support Services:					
Administration services	29,257	-	-	-	29,257
Operation and maintenance of plant services	27,351	-	-	-	27,351
Transportation services	6,637	-	-	-	6,637
Other Expenditures:					
Facilities acquisition	-	-	45,048	-	45,048
Long-Term Debt:					
Principal	-	-	-	72,985	72,985
Interest and fiscal charges	-	-	-	9,425	9,425
Total Expenditures	\$ 136,550	\$ 122,951	\$ 45,048	\$ 82,410	\$ 386,959
Excess (deficiency) of revenues over (under) expenditures	\$ 65,444	\$ 7,965	\$ 119,504	\$ -82,410	\$ 110,503
Other Financing Sources (Uses):					
Operating transfers in	\$ -	\$ -	\$ -	\$ 82,410	\$ 82,410
Operating transfers out	-	-	82,410	-	82,410
Total Other Financing Sources (Uses)	\$ -	\$ -	\$ -82,410	\$ 82,410	\$ -
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	\$ 65,444	\$ 7,965	\$ 37,094	\$ -	\$ 110,503
Fund balances beginning of year	108,603	74,790	31,644	-	215,037
Fund Balances End of Year	\$ 174,047	\$ 82,755	\$ 68,738	\$ -	\$ 325,540

See accompanying independent auditor's report.

## Tripoli Community School District

## Schedule of Changes in Special Revenue Fund, Student Activity Accounts

Year Ended June 30, 2007

Account	Balance Beginning Of Year	Revenues and Inter-fund Transfers	Expenditures	Intra- Fund Transfers	Balance End of Year
Interest	\$ 589	\$ 3,315	\$ 300	\$ -255	\$ 3,349
Vocal	3,057	2,534	2,502	-	3,089
Instrumental	1,626	1,504	1,715	-	1,415
Band Trip	6,042	7,892	13,694	-	240
Yearbook	255	2,826	2,641	-	440
Picture	971	271	-	278	1,520
Publishing	-	139	-	-	139
Thalians	184	-	-	-	184
High School Student Council	1,011	2,626	1,192	-	2,445
Home Ec	690	-	-	-	690
National Honor Society	2,320	477	457	-	2,340
Faculty	878	456	95	-	1,239
SADD	9	608	245	-	372
Milk Machine	-	2,623	1,178	-	1,445
Magazine Sales	-	12,807	7,689	-5,118	-
AEA Social Studies Grant	153	163	100	-	216
Art Resale	-	86	86	-	-
Art Trip	-	1,207	1,090	-	117
Industrial Tech	364	184	203	-	345
Pencil Resale	1,331	330	603	-	1,058
Manufacturing	769	695	829	-22	613
Class of 1998	4,040	-	20	-	4,020
Class of 2003	345	-	-	-	345
Class of 2007	519	12	346	-	185
Class of 2008	3,790	653	4,001	-	442
Class of 2009	2,156	671	62	295	3,060
Class of 2010	1,605	241	115	1,239	2,970
Class of 2011	1,765	251	113	955	2,858
Class of 2012	-	283	133	1,234	1,384
Class of 2013	-	241	153	1,394	1,482
Senior Class Play	-	731	269	-	462
Ecology	101	-	-	-	101
SES	209	-	-	-	209
Granola	1,422	-1,422	-	-	-
SCIN	2,976	1,000	-	-	3,976
SCIN Treat	933	-	-	-	933
Athletics	9,766	56,606	57,148	-	9,224
Target	176	195	282	-	89
Middle School Student Council	205	210	150	-	265
Elementary Library	2,747	1,038	1,784	-	2,001
Elementary Outdoor Ed	3,663	4,686	4,645	-	3,704
Elementary Concessions	4,012	370	-	-	4,382
Elementary Music	11	63	53	-	21
RIF	387	300	577	-	110
Elementary Carnival	13,673	24,044	18,481	-	19,236
Memorial	40	-	-	-	40
	\$ 74,790	\$ 130,916	\$ 122,951	\$ -	\$ 82,755

See accompanying independent auditor's report.

## Tripoli Community School District

Schedule of Revenues by Source and Expenditures by Function  
All Governmental Funds

For the Last Four Years

	Modified Accrual Basis			
	2007	2006	2005	2004
Revenues:				
Local Sources:				
Local tax	\$ 1,949,606	\$ 1,577,384	\$ 1,602,580	\$ 1,637,469
Tuition	164,384	185,620	121,599	57,704
Other	273,635	532,586	466,523	268,964
Intermediate sources	-	245	11,608	-
State sources	2,325,181	2,120,365	2,044,677	1,938,984
Federal sources	93,228	123,928	121,523	139,871
Total	\$ 4,806,034	\$ 4,540,128	\$ 4,368,510	\$ 4,042,992
Expenditures:				
Instruction:				
Regular instruction	\$ 2,036,312	\$ 1,993,682	\$ 1,902,372	\$ 1,791,175
Special instruction	589,127	460,717	565,249	487,491
Other instruction	486,843	419,971	300,596	317,935
Support services:				
Student services	36,403	37,432	42,476	68,474
Instructional staff services	112,575	119,616	127,605	125,457
Administrative services	359,272	363,724	338,143	360,456
Operation and maintenance of plant services	299,725	316,272	300,241	253,433
Transportation services	176,346	180,524	157,858	94,712
Other expenditures:				
Facilities acquisition	472,566	320,092	114,883	119,923
Long-term debt:				
Principal	72,985	68,886	65,300	74,756
Interest and other charges	9,425	13,524	17,110	19,383
AEA flow-through	156,470	142,761	139,660	141,547
Total	\$ 4,808,049	\$ 4,437,201	\$ 4,071,493	\$ 3,854,742

**Independent Auditor's Report on Internal Control over Financial Reporting  
and on Compliance and Other Matters  
Based on an Audit of Financial Statements Performed in  
Accordance with Government Auditing Standards**

Independent Auditor's Report on Internal Control over Financial Reporting  
and on Compliance and Other Matters  
Based on an Audit of Financial Statements Performed in  
Accordance with Government Auditing Standards

To the Board of Education of  
Tripoli Community School District:

I have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Tripoli Community School District as of and for the year ended June 30, 2007, which collectively comprise the District's basic financial statements listed in the table of contents, and have issued my report thereon dated December 4, 2007. I conducted my audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the Tripoli Community School District's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing my opinion on the effectiveness of Tripoli Community School District's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of Tripoli Community School District's internal control over financial reporting.

My consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, I identified certain deficiencies in internal control over financial reporting that I consider to be significant deficiencies and other deficiencies I consider to be material weaknesses.

A control deficiency exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Tripoli Community School District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with U.S. generally accepted accounting principles such that there is more than a remote likelihood a misstatement of Tripoli Community School District's financial statements that is more than inconsequential will not be prevented or detected by Tripoli Community School District's internal control. I consider the deficiencies in internal control described in Part I of the accompanying Schedule of Findings to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies that results in more than a remote likelihood a material misstatement of the financial statements will not be prevented or detected by Tripoli Community School District's internal control.

My consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, I believe items I-A-07 is a material weakness.

#### Compliance and Other Matters


As part of obtaining reasonable assurance about whether Tripoli Community School District's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards.

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2007 are based exclusively on knowledge obtained from procedures performed during my audit of the financial statements of the District. Since my audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Tripoli Community School District's responses to findings identified in my audit are described in the accompanying Schedule of Findings. While I have expressed my conclusions on the District's responses, I did not audit Tripoli Community School District's responses and, accordingly, I express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Tripoli Community School District and other parties to whom Tripoli Community School District may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

I would like to acknowledge the many courtesies and assistance extended to me by personnel of Tripoli Community School District during the course of my audit. Should you have any questions concerning any of the above matters, I shall be pleased to discuss them with you at your convenience.

  
Keith Oltrogge  
Certified Public Accountant

December 4, 2007

**Tripoli Community School District**

**Schedule of Findings**

**Year Ended June 30, 2007**

**Part I – Findings Related to the Financial Statements:**

**INSTANCES OF NON-COMPLIANCE:**

No matters were reported.

**SIGNIFICANT DEFICIENCIES:**

- I-A-07 Segregation of Duties – One important aspect of internal control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. I noted that one person has control over each of the following areas for both the General and Activity Funds: cash receipts – collecting, depositing, journalizing, posting and reconciling.

Recommendation – With the limited number of personnel involved in accounting for District activity, an ideal system of segregation of accounting duties and functions cannot be achieved to assure adequate internal control over the safeguarding of assets and the reliability of financial records and reporting. This is not unusual in an organization of your size. Under these circumstances, the most effective controls lie in (1) the administration's and the Board's knowledge of the District's financial operations and (2) striving to obtain as much segregation of duties as possible so that no one person has complete control of any type of financial transactions. I believe these controls are being effectively utilized in the District and recommend that diligent efforts be made to maintain their effectiveness.

Response – With the number of staff available to this size of District, we will have to continue operating as in the past. We will, however, continue to monitor and keep the Board aware of the District's financial operations.

Conclusion – Response accepted.

**Tripoli Community School District**

**Schedule of Findings**

**Year Ended June 30, 2007**

**Part II - Other Findings Related to Statutory Reporting:**

- II-A-07 Certified Budget – Disbursements for the year ended June 30, 2006 did not exceed the amended amounts budgeted.
- II-B-07 Questionable Expenditures – No expenditures that may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.
- II-C-07 Travel Expense – No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.
- II-D-07 Business Transactions – No business transactions between the District and District officials or employees were noted.
- II-E-07 Bond Coverage – Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure the coverage is adequate for current operations.
- II-F-07 Board Minutes – No transactions requiring Board approval, which had not been approved by the Board, were noted.
- II-G-07 Certified Enrollment – No variances in the basic enrollment data certified to the Department of Education were noted.
- II-H-07 Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy were noted.
- II-I-07 Certified Annual Report – The Certified Annual Report was filed with the Iowa Department of Education timely.